

Notice Of 63rd Annual General Meeting

Notice is hereby given that the **63rd Annual General Meeting** (“AGM”) of National Bank of Pakistan, (“Bank”) will be held on **Friday, the March 30, 2012 at 10:30 A.M. (PST), at Ball Room, Pearl Continental Hotel, Karachi.**

The following business will be transacted in the meeting:

Ordinary Business:

1. To confirm minutes of Extraordinary General Meetings held on 20th June, 2011 and 8th February, 2012, at Karachi.
2. To receive and adopt the Audited Accounts of the Bank for the year ended 31st December, 2011, together with the Directors’ & Auditors’ Reports thereon.
3. To appoint auditors for the year ending 31st December, 2012 and fix their remuneration. The retiring auditors namely Messrs Anjum Asim Shahid Rehman, Chartered Accountants and Messrs KPMG Taseer Hadi & Company, Chartered Accountants being eligible for appointment have offered themselves for re-appointment.
4. To consider and approve Cash Dividend @ 75% and Bonus Shares @ 10% (thereby increasing the Paid-up Capital of the Bank from Rs. 16,818,284,790/= to Rs. 18,500,113,270/=) as recommended by the Board of Directors for the year ended 31st December, 2011 (subject to Government of Pakistan approval).

Special Business:

5. To approve the salary package, other terms & conditions and contract of appointment of Mr. Qamar Hussain, President of the Bank, as recommended by the Board of Directors.
6. To approve the Salary Adjustment and Performance Bonus for 2011 of Mr. Qamar Hussain, President of the Bank, as recommended by the Board of Directors.
7. For the purpose of meeting the requirements of the Banks (Nationalization) Act, 1974, to approve / ratify i) the salary and other benefits paid to Mr. S. Ali Raza the former President of the Bank from July 01, 2003 to January 14, 2011, ii) End service benefits of Mr. S. Ali Raza including: a) Gratuity on the basis of one month last drawn gross pay for each completed year of service, b) Contributory Provident Fund as per decision taken by the Board of Directors in its 124th meeting held on 07-08-2004 with effect from 01-01-2004 and Payment of Profit as admissible to regular employees of the Bank, on his own as well as Bank’s Contribution of Provident Fund, c) Sale of Bank’s Vehicles, d) Sale of Dead Stock Items and e) post separation continuation of existing medical facility including payment of premium of International Health Insurance for Mr. S. Ali Raza and his dependent family members.
8. To transact any other business with the permission of the Chairman.

Karachi

Dated: March 09, 2012

By Order of the Board

(Qamar Hussain)
President

Note:

- i) *The Share Transfer Books of the Bank shall remain closed from 22-03-2012 to 30-03-2012 (both days inclusive). Transfers received at Messrs Central Depository Company of Pakistan Limited, CDC House 99-B, Block “B”, SMCHS, Main Shahra-e-Faisal, Karachi – 74400, the Bank’s Registrar and Share Transfer Agent, at the close of the business on 21-03-2012 will be treated in time for purpose of the entitlement of attending the meeting.*
- ii) *A member eligible to attend and vote at the AGM is entitled to appoint another member as a proxy to attend and vote on his / her behalf. The Government of Pakistan, State Bank of Pakistan and any Corporation(s), being a member of the Bank, may nominate any person as its representative to attend the AGM under authority of a Power of Attorney or a Board of Directors’ Resolution. Proxies or nominations, in order to be effective and valid, must be received at the office of the Bank’s Registrar / Share Transfer Agent, Messrs Central Depository Company of Pakistan Limited, CDC House 99-B, Block “B”, SMCHS, Main Shahra-e-Faisal, Karachi – 74400, not later than 48 hours before the time of holding the AGM.*
- iii) *CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26,2000 issued by the Securities and Exchange Commission of Pakistan:*
- a. *For Attending the Meeting:*
- *In case of Individuals, the account holder or sub-account holder shall authenticate his / her identity by showing his Original Computerized National Identity Card (“CNIC”) or original Passport at the time of attending the meeting,*
 - *In case of corporate entity, the Original or duly authenticated Board of Directors’ resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.*
- b. *For Appointing Proxies:*
- *In case of individuals, the account holder or sub-account holder shall submit the proxy form as per the above requirement.*
 - *The Proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be furnished with the proxy form.*
 - *The proxy shall produce his /her original CNIC or original passport at the time of the Meeting.*
 - *In case of corporate entity, the Original or duly authenticated Board of Directors’ resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) along with proxy form to Messrs Central Depository Company of Pakistan Limited.*
- iv) *CDC Account Holders and Sub-account Holders, whose Registration details are available in Share Book Detail Report shall have to produce respective Original Computerized National Identity Cards (CNICs) or Original Passports for the purpose of identification to participate in the Annual General Meeting. Such Account Holders and Sub Account Holders should know the CNIC Numbers and CDC Account Number of the respective partner and should bring the same along with them. In case of Proxy, the person should positively attach the attested copy of the CNIC or Passport. In case of corporate member’s representative, usual documents should be accompanied for the same purpose.*
- v) *Members are requested to immediately notify any change in their addresses to the Bank’s Registrar and Share Transfer Agent, Messrs Central Depository Company of Pakistan Limited.*

Statement Under Section 160 of The Companies Ordinance, 1984:

This statement sets out the material facts concerning the Special Business given in agenda item Nos. 5, 6 and 7 of the Notice, to be transacted at the AGM of National Bank of Pakistan's Shareholders.

Item No. 5:

TO APPROVE THE SALARY PACKAGE, OTHER TERMS & CONDITIONS AND CONTRACT OF APPOINTMENT OF MR. QAMAR HUSSAIN, PRESIDENT OF THE BANK, AS RECOMMENDED BY THE BOARD OF DIRECTORS.

Mr. Qamar Hussain has been appointed President of the Bank on regular basis in terms of Section 11 (3) (a) of the Banks (Nationalization) Act, 1974 by the Federal Government for a term of three (3) years w.e.f. April 7, 2011 vide Finance Division (GoP) Notification No. F.I (5) Bkg-III / 2011-1393 dated April 7, 2011. (Copy of Notification attached as Annexure-"A").

The Board of Directors of the Bank in its 199th meeting held on April 18, 2011 has approved the salary package, other terms & conditions and contract of appointment of Mr. Qamar Hussain as President of the Bank for three (3) years w.e.f. April 7, 2011 in accordance with Section 11 (3) (a) of the Banks (Nationalization) Act, 1974 and has recommended the same to the general meeting of shareholders for approval. The salary package including other terms & conditions and contract of appointment of Mr. Qamar Hussain, President of the Bank as approved by the Board are attached as Annexure-"B" and "C" respectively.

For the information of shareholders, the salary package of Mr. Qamar Hussain as the Chief Operating Officer (COO) of the Bank is also attached as Annexure-"D".

In view of the foregoing and in terms of Section 11 (3) (a) of the Banks (Nationalization) Act, 1974, the shareholders are requested to approve the salary package, other terms & conditions and contract of appointment of Mr. Qamar Hussain, president of the bank, as approved by the Board of Directors w.e.f. April 7, 2011.

In this respect, the following ordinary resolution is proposed to be passed:

"RESOLVED THAT the salary package, other terms & conditions and contract of appointment of Mr. Qamar Hussain, President of the bank, as approved by the Board of Directors of the Bank in its 199th meeting held on April 18, 2011, with effect from April 07, 2011 attached with the Notice of AGM as Annexure-"B" and "C" as part of the statement under Section 160 of the Companies Ordinance, 1984, be and are hereby approved."

Item No. 6

TO APPROVE THE SALARY ADJUSTMENT AND PERFORMANCE BONUS FOR 2011 OF MR. QAMAR HUSSAIN, PRESIDENT OF THE BANK, AS RECOMMENDED BY THE BOARD OF DIRECTORS.

As per banking practice, the Board of Directors in its 211th meeting held on 06-03-2012 has recommended to the shareholders for approval of Performance Bonus for the year 2011 amounting to Rs.15 million and salary adjustment/ increase of Rs. 308,163/= for the year ended 31st December 2011 as given to all employees of the bank. President's Gross Salary will increase to Rs. 2,463,562/- w.e.f. 01-01-2012 including merger of Dearness Allowance into basic. The breakup of revised Gross Salary will be Basic + House Rent (55% of Basic).

In this respect, the following ordinary resolution is proposed to be passed:

"RESOLVED THAT the recommendations of Board of Directors made in 211th meeting held on 06-03-2012 for performance bonus for 2011 amounting to Rs.15 million and gross salary (basic + 55% house rent) adjustment / increase of Rs.308,163/- in line with other employees of the Bank w.e.f. 01-01-2012, to be paid to Mr.Qamar Hussain, President of the Bank, be and are hereby approved."

The President being the executive director is interested in the above matter and remaining directors have no personal interest in the matter.

Item No. 7:

FOR THE PURPOSE OF MEETING THE REQUIREMENTS OF THE BANKS (NATIONALIZATION) ACT, 1974, TO APPROVE / RATIFY I) THE SALARY AND OTHER BENEFITS PAID TO MR. S. ALI RAZA, THE FORMER PRESIDENT OF THE BANK FROM JULY 01, 2003 TO JANUARY 14, 2011 (SALARY & BENEFITS PAID FROM JULY, 1 2003 TO DECEMBER 31, 2010 HAVE ALREADY BEEN APPROVED IN PREVIOUS AGMS AS PART OF THE AUDITED ANNUAL ACCOUNTS), II) END SERVICE BENEFITS OF MR. S. ALI RAZA INCLUDING: A) GRATUITY ON THE BASIS OF ONE MONTH LAST DRAWN GROSS PAY FOR EACH COMPLETED YEAR OF SERVICE B) CONTRIBUTORY PROVIDENT FUND AT 10% OF THE BASIC PAY AS PER DECISION TAKEN BY THE BOARD OF DIRECTORS IN ITS 124TH MEETING HELD ON 07-08-2004 WITH EFFECT FROM 01-01-2004 AND PAYMENT OF PROFIT AS ADMISSIBLE TO REGULAR EMPLOYEES OF THE BANK, ON HIS OWN AS WELL AS BANK'S CONTRIBUTION OF PROVIDENT FUND, C) SALE OF BANK'S VEHICLES, D) SALE OF DEAD STOCK ITEMS AND E) POST SEPARATION CONTINUATION OF EXISTING MEDICAL FACILITY INCLUDING PAYMENT OF PREMIUM OF INTERNATIONAL HEALTH INSURANCE FOR MR. S. ALI RAZA AND HIS DEPENDENT FAMILY MEMBERS.

The matter of ratification of salary & benefits paid to Mr. S. Ali Raza, former President of the Bank from July 1, 2003 to December 31, 2010 and payment of Gratuity on the basis of last drawn gross salary was discussed in detail in the 62nd Annual General Meeting of shareholders of the Bank held on March 30, 2011 at P.C. Hotel, Karachi. At the proposal of majority of the shareholders i.e. the State Bank of Pakistan and others, the proposal was deferred for providing further details / clarifications in the next General Meeting.

The Clarifications desired by the State Bank of Pakistan in the 62nd AGM were provided to them by the management of the Bank through letter dated April 18, 2011 upon which the State Bank of Pakistan has vide its letter dated May 6, 2011 advised that "the payment of gratuity may be decided by the Board of Directors in accordance with The Banks (Nationalization) Act, 1974" and through a subsequent letter dated May 13, 2011 further advised that "any decision on payment of gratuity to the ex-President of the Bank requires approval of AGM in accordance with The Banks (Nationalization) Act, 1974".

The Board of Directors of the Bank in its 199th meeting held on April 18, 2011 and 201st meeting held on May 13, 2011 directed the management to re-submit the salary & benefits, end service benefits and medical facility including payment of premium of International Health Insurance of Mr. S. Ali Raza, former President of the Bank, before the shareholders for their ratification / approval in the general meeting in terms of Section 11(3)(a) of the Banks (Nationalization) Act, 1974.

Accordingly, the matter is re-submitted before the shareholders alongwith with the item-wise details / clarifications as under:

i) Salary & benefits for the period from 01-07-2003 to 14-01-2011 paid to Mr. S. Ali Raza as former President of the Bank.

The salary and benefits of Mr. S. Ali Raza approved by the shareholders in the 52nd AGM of the Bank held on May 30, 2001 were revised / increased by the Board of Directors on an annual basis during 2004 to 2010 and accordingly were paid w.e.f. July 01, 2003 to December 31, 2010. (These payments were disclosed in the audited Annual Accounts of the Bank approved by AGMs each year). Further, after separation of Mr. S. Ali Raza from the Bank on January 14, 2011, he has been paid his due salary & benefits duly approved by the Board of Directors of the Bank in its 197th & 198th meetings held on March 1, 2011 and March 17, 2011 respectively. As the earlier approvals of the Board of Directors of the Bank were inadvertently not presented annually as a separate Agenda item for ratification in the AGMs, now for the purpose of meeting the requirement of the Banks (Nationalization) Act, 1974, shareholders are requested to ratify the emoluments of Mr. S. Ali Raza, former President of the Bank, from July 1, 2003 to January 14, 2011, which were disclosed in the audited Annual Accounts of the Bank approved by AGMs each year.

ii) **End Service Benefits**

(a) **Gratuity:**

In the 198th Board Meeting held on March 17, 2011, the issue of payment of gratuity to Mr. S. Ali Raza, the former President of the Bank, was discussed. In this meeting it was noted that Mr. S. Ali Raza is entitled to gratuity as per the salary package approved by the shareholders in the 52nd AGM held on May 30, 2001. In this AGM it was approved that Mr. S. Ali Raza, former President is entitled for one basic salary for each completed year of service.

The Board of Directors of the Bank noted that in its 124th meeting held on August 7, 2004, the Board had approved that Mr. S. Ali Raza's Basic Pay should be notionally treated as Rs. 750,000/= (Rupees Seven Hundred and Fifty Thousand only) per month for the purpose of calculating gratuity on the basis that the basic pay of the President of Habib Bank Limited was Rs. 750,000/= (Rupees Seven Hundred and Fifty Thousand only) and in 52nd AGM of the Bank, shareholders had resolved that the individual heads of allowances and perks payable to the President of the Bank, should be in line with that of the President of Habib Bank Limited.

Subsequently, the Board of Directors of the Bank in its 138th meeting held on December 24, 2005 approved contractual employees' gratuity in terms whereof, contractual employees are entitled to one (1) month last drawn gross pay (basic + house rent allowance + utilities) for each completed year of service.

The Board of Directors of the Bank in its 198th meeting held on March 17, 2011 reviewed the legal opinions provided by two prominent legal advisors, Messrs Orr, Dignam & Co., Advocates and Messrs Kabraji & Talibuddin, Advocates and Legal Counselors and met with their representatives. Based on their advice, the Board of Directors approved the gratuity of the former President of the Bank on the basis of one month last drawn gross pay for each completed year of service (i.e. Basic pay, House Rent Allowance, Senior Post Allowance & Vacation Allowance) and to seek further approval of the shareholders in accordance with Section 11(3)(a) of the Banks (Nationalization) Act, 1974.

The amount of gratuity payable to Mr. S. Ali Raza, former President is given below:

| | |
|--|----------------------|
| Basic | Rs. 240,000 |
| House Rent | Rs. 600,000 |
| Vacation Allowance | Rs. 950,000 |
| Senior Post Allowance | Rs. 740,000 |
| Last drawn monthly gross salary | Rs.2,530,000 |
| No. of years completed | 10 |
| Total amount payable | Rs.25,300,000 |

The Board of Directors of the Bank have directed HRM&A Group to seek approval of the shareholders in general meeting of the same.

(b) **Contributory Provident Fund**

The Board of Directors in its 124th meeting held on 07-08-2004 approved Contributory Provident Fund to the former President Mr. S. Ali Raza at 10% of the Basic Pay (treating the basic pay notionally as Rs.750,000/- for the purpose of PF). The Contributory Provident Fund approved by the Board of Directors was inadvertently not placed for shareholders' approval in the General Meeting as required under Section 11(3) of the Banks (Nationalization) Act, 1974, therefore, the benefit could not be paid to him.

Further, the Board of Directors in its 205th meeting held on 27-10-2011 decided that the Contributory Provident Fund program as approved by the Board of Directors of the Bank in its 124th meeting be included in the list of Mr. S. Ali Raza's settlement, for approval of shareholders.

The Board of Directors in its 206th meeting held on 29-11-2011 decided that the matter to pay profit on Provident Fund on own as well as Bank's Contribution as per earlier decision of the Board taken in its 124th meeting held on 7-08-2004, be placed before the shareholders in the next general meeting. It is requested that the Contributory Provident Fund at 10% of the Basic Pay (treating the basic pay notionally as Rs.750,000/- in 2004 for the purpose of PF) and payment of profit as admissible to regular employees of the bank on his own as well as Bank's Contribution as recommended by Board of Directors of the Bank.

In the subsequent years upto the year 2010, in line with Provident Fund Prevalent market practices deductions were made on account of Provident Fund on his gross monthly compensation as approved by the Board of Directors on year to year basis and matching amounts were contributed /credited by the bank in the books.

In addition, over period of time through its resolution the Board approved facilities pertaining to sale of Bank's vehicles, household items provided by the Bank (referred to as dead stock items) and postretirement medical facilities the details are as under:

c. Sale of Bank's Vehicles:

Mr. S. Ali Raza, former President of the Bank was, in terms of the rules of the Bank duly approved by the shareholders in the 52nd AGM of the Bank held on May 30, 2001, entitled to one (1) 1800cc and one (1) 1300cc fully maintained cars and purchase of cars at end of contract period. However, due to non-manufacturing of 1800cc cars until 2006, he was not provided the same till 2007.

In 2007, as a result of enhancement in the transport policy of the Bank, the Board of Directors of the Bank in its 158th meeting held on September 14, 2007, also enhanced the entitlement of Mr. S. Ali Raza, former President of the Bank to two (2) cars, one up to 2500cc and another up to 1800cc and was allowed to purchase any one of these vehicles upon completion of his term. Mr. S. Ali Raza has opted to purchase 2500cc car detail of which is as follows:

| Registration No. | Make | Model | Original Cost (Rs.) | Sale Value |
|------------------|------------------------|-------|----------------------|---------------------|
| GP-9393 | Toyota Camry 2400cc | 2007 | Rs. 2.750 million | Rs.0.827 million |

The Bank also acquired an armoured vehicle for Mr. S. Ali Raza, former President of the Bank due to the emergent and unusual circumstances regarding Mr. S. Ali Raza's security and in consideration of the continuing nature of threat to his life, this was duly approved by the Board of Directors of the Bank in its 160th meeting held on November 3, 2007. The Board of Directors of the Bank in its 160th meeting also allowed Mr. S. Ali Raza, former President of the Bank to retain the said vehicle permanently by paying ten percent (10%) of the original purchase price irrespective of the life of the vehicle at the time of his departure from the Bank and after obtaining NOC from Government. The detail of armoured vehicle is as follows:

| Registration No. | Make | Model | Original Cost | Sale Value |
|------------------|---------------------------|-------|----------------------|----------------------|
| GP-9696 | BMW (armoured vehicle) | 2007 | Rs.16.115 million | Rs.1.6115 million |

The Board of Directors of the Bank directed HRM&A Group to seek approval of the shareholders in general meeting of the same.

(d) Sale of Dead Stock Items:

The Board of Directors of the Bank in its 199th meeting held on April 18, 2011 directed the management of the Bank to adjust the book value of dead stock items in use of Mr. S. Ali Raza, former President of the Bank from the payment of end service benefits amount after obtaining his written consent for the purchase. The total book value of all the dead stock items amounts to Rs 3,185,576/= (Rupees Three Million One Hundred Eighty Five Thousand Five Hundred Seventy Six only).

The Board of Directors of the Bank have directed HRM&A Group to seek approval of the shareholders in general meeting of the same.

e) **Post Separation Medical Facility**

In consideration of Mr. S. Ali Raza's eight (8) years continuous service with the Bank, the Board of Directors of the Bank in its 177th meeting held on December 24, 2008 allowed him to avail existing medical facility (full coverage for self and dependent family members within Pakistan and reimbursement of all expenses as approved in the 52nd AGM) on separation from the Bank provided he is not in receipt of the same from any other source. The Board of Directors of the Bank in its 199th meeting held on April 18, 2011 advised to seek shareholders' ratification of the said decision of the Board of Directors of the Bank.

The Board of Directors of the Bank in its 201st meeting held on May 13, 2011 approved that the International Health Insurance Plan for Mr. S. Ali Raza, former President of the Bank and his dependent family members which was approved by the Board of Directors of the Bank in its 117th meeting held on January 22, 2004 be recommended to the shareholders for continuation of payment of premium on existing basis after his separation from the Bank provided he is not in receipt of the same from any other source.

The shareholders are requested to approve the above mentioned salary / other benefits, End Service Benefits, Medical facility and premium payment of the International Health Insurance Plan of Mr. S. Ali Raza, former President of the Bank as approved / recommended by the Board of Directors of the Bank be ratified/ approved and in pursuance thereof, the following ordinary resolution may be passed:

“RESOLVED THAT the recommendations of Board of Directors of the Bank as contained in special business agenda item No.6 of the Notice of AGM being held on March 30, 2012, regarding approval / ratification of i) the salary and other benefits paid to Mr. S. Ali Raza, the former president of the bank from July 01, 2003 to January 14, 2011, ii) End Service Benefits of Mr. S. Ali Raza former President NBP including: a) Gratuity on the basis of one month last drawn gross pay for each completed year of service, b) Contributory Provident Fund at 10% of the Basic Pay (treating the basic pay notionally as Rs.750,000/- for the purpose of PF) as per decision taken by the Board of Directors in its 124th meeting held on 07-08-2004 with effect from 01-01-2004 and Payment of Profit as admissible to regular employees of the Bank, on his own as well as Bank's Contribution of Provident Fund c) sale of bank's vehicles, d) sale of dead stock items and e) post separation continuation of existing medical facility including payment of premium of international health insurance for Mr. S. Ali Raza and his dependent family members, be and are hereby approved”.

The above resolutions were placed in EOGM of Shareholders at Marriott Hotel, Karachi on 20-06-2011 and in view of the petitions pending in Supreme Court, the resolutions were deferred till next general meeting.

The above resolutions were again presented in EOGM held on 08-02-2012, the total agenda of which was deferred to be discussed in the 63rd AGM.